



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

IN THE MATTER OF THE VERIFIED JOINT) TELECOMMUNICATIONS
PETITION OF LINGO MANAGEMENT, LLC,)
LINGO COMMUNICATIONS, LLC, B. RILEY) ORDER
PRINCIPAL INVESTMENTS, LLC, MATRIX)
TELECOM, LLC, LICENSEE, AND BULLSEYE) DOCKET NO. TF22040250
TELECOM, INC., LICENSEE, FOR APPROVAL)
FOR LICENSEES TO PARTICIPATE IN)
CERTAIN FINANCING ARRANGEMENTS)

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Andrew M. Klein, Esq. and Allen C. Zoracki, Klein Law Group, PLLC, on behalf of Petitioner BullsEye Telecom, Inc.
Chérie R. Kiser, Esq. and Angela F. Collins, Esq., Cahill Gordon & Reindel LLP, on behalf of Petitioners Lingo Management, LLC, Lingo Communications, LLC, B. Riley Principal Investments, LLC, and Matrix Telecom, LLC

BY THE BOARD:

On April 14, 2022, Lingo Management, LLC (“Lingo Management”), Lingo Communications, LLC (“Lingo”), and B. Riley Principal Investments, LLC (“BRPI”) (Lingo Management, Lingo, and BRPI collectively referred to as “Lingo Entities”), BullsEye Telecom, Inc. (“BullsEye”), and Matrix Telecom, LLC (“Matrix”) (BullsEye and Matrix collectively referred to as “Licensees”) (Lingo Entities and Licensees collectively referred to as “Petitioners”) submitted a Verified Petition (“Petition”) to the New Jersey Board of Public Utilities (“Board”) pursuant to N.J.S.A. 48:3-7 and 48:3-9 requesting approval for Petitioners to participate in certain financing arrangements upon completion of the proposed transfer of control of BullsEye to the Lingo Entities (“Transaction”).¹

¹ In a separate filing in BPU Docket No. TM22040244, Petitioners seek approval of the Transaction.

BACKGROUND

BullsEye is a Michigan corporation with its principal offices at 25925 Telegraph Road, Suite 210, Southfield, MI 48033. BullsEye is authorized by the Board to provide local exchange and interexchange telecommunications services in New Jersey.² BullsEye also holds authority from the Federal Communications Commission (“FCC”) to provide domestic interstate and international telecommunications services, and is authorized to provide intrastate telecommunications services in the District of Columbia and in all other states except Alaska and Hawaii.³ BullsEye currently has nine (9) employees located in New Jersey.

Matrix is a Texas limited liability company with a principal office at 3475 Piedmont Road NE, 12th Floor, Suite 1260, Atlanta, GA 30305. Matrix is a subsidiary of Lingo Management. In New Jersey, Matrix is authorized by the Board to provide facilities-based competitive local exchange telecommunications service.⁴ Matrix also holds authority from the FCC to provide domestic interstate and international telecommunications services, and is authorized to provide intrastate telecommunications services in the District of Columbia and all other states except Virginia, where its subsidiary is authorized to provide intrastate telecommunications services. Matrix has five (5) employees located in New Jersey.

Lingo Management is a Delaware limited liability company with a principal office at 3475 Piedmont Road NE, 12th Floor, Suite 1260, Atlanta, GA 30305. Lingo Management is a holding company and does not provide any telecommunications services or hold authorizations from any state authority for the provision of telecommunications services.

Lingo is a Georgia limited liability company that currently holds 60% of Lingo Management. Lingo is a holding company and does not provide telecommunications services or hold authorizations from any state or federal authority for the provision of telecommunications services.

BRPI is a Delaware limited liability company that currently holds 40% of Lingo Management. BRPI is a holding company and does not provide telecommunications services or hold authorizations from any state or federal authority for the provision of telecommunications services. By Order dated April 7, 2021, the Board approved a transaction to increase BRPI’s ownership interest in Lingo Management to 80% (with Lingo holding the remaining 20%) (“BR Transaction”).⁵ According to the Petition, the BR Transaction remains pending and is expected to close prior to

² In re the Petition for an Order Authorizing BullsEye Telecom, Inc. to provide Competitive Local Exchange and Exchange Access Telecommunications Services Within the State of New Jersey, Docket No. TE02070475, Order dated December 18, 2002.

³ In Virginia, a subsidiary of BullsEye is authorized to provide intrastate telecommunication services in accordance with Virginia law.

⁴ In re the Petition of Matrix Telecom, Inc. d/b/a Matrix Business Technologies for Certificate of Public Convenience and Necessity to Provide Local Exchanges Telecommunications Services with the State of New Jersey, Docket No. TE06120898, Order dated April 12, 2007.

⁵ In re the Verified Joint Petition of Lingo Communications, LLC, Transferor; Lingo Communications of the Northeast, LLC, Licensee; Matrix Telecom, LLC Licensee; and B. Riley Principal Investments, LLC, Transferee, for Approval to Transfer Indirect Control of Lingo Communications of the Northeast, LLC and Matrix Telecom, LLC to B. Riley Investment, LLC, Docket No. TM21020134, Order dated April 7, 2021.

Licensees entering into the financing arrangements. Lingo Management, Lingo, and BRPI do not have any employees located in New Jersey.

On September 17, 2018, the Board approved a request filed by Matrix to enter into or otherwise participate in certain financing arrangements.⁶ In relation to the BR Transaction approved in Docket No. TM21020134, Matrix informed the Board that BRPI's affiliates agreed to acquire the outstanding debt of Lingo Management and its subsidiaries, which was reflected in an Amended and Restated Credit and Guaranty Agreement with BRF Finance Co., LLC (an affiliate of BRPI), dated November 30, 2020 ("Credit Agreement"). This Credit Agreement replaced the financing arrangements originally approved on September 17, 2018 in Docket No. TF18070795.

PETITION

In the Petition, the Petitioners seek approval, upon completion of the Transaction, for BullsEye to be added to the existing approved financing arrangements described above and for an increase of the aggregate amount of financing, which will be reflected in new, amended, or restated financing arrangements ("Financing Arrangements"). According to the Petition, the Financing Arrangements will be used for the purchase price of the Transaction and associated fees and costs, and may also be used for future acquisitions, refinancing of then-current outstanding debt, working capital requirements, and other general corporate purposes.

The Petition stated that the additional debt will continue to be held by affiliates of BRPI. Petitioners refer to the financial statements of B. Riley Financial, Inc. ("B. Riley"), which is a publicly traded diversified financial services company and the parent company of BRPI (NASDAQ: RILY), which will be the majority owner of Lingo Management after consummation of the BR Transaction.

The Petitioners stated that they expect Lingo Management to be the borrower, but in order to maintain flexibility, request authorization for each of the Licensees to act as a borrower, co-borrower, or guarantor under the Financing Arrangements. Petitioners aver that some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets of the Lingo Entities and certain current and future subsidiaries, including the Licensees. Petitioners further stated that a portion of the Financing Arrangements also may be unsecured facilities.

The Petition avers that, in addition to the existing Credit Agreement, the Financing Arrangements may include one or more of the following debt instruments: notes or debentures (including notes convertible into equity and private notes that may be exchanged for public notes); conventional credit facilities, such as revolving credit facilities and term loans; letters of credit; and bridge loans; or a combination thereof. Petitioners stated that the maturity period for the Financing Arrangements will be consistent with the maturity period for similar arrangements and will not be determined until the Financing Arrangements are finalized. The Petition further asserted that interest rates will be the market rate for similar financings and will not be determined until the Financing Arrangements are finalized.

⁶ In re the Verified Petition of Lingo Communications, LLC, Birch Communications of the Northeast, LLC, and Matrix Telecom, LLC, for Approval of Birch Communications of the Northeast, LLC, and Matrix Telecom, LLC to Participate in Certain Financing Arrangements, Docket No. TF18070795, Order dated September 17, 2018.

According to the Petitioners, approval of the Financing Arrangements will serve the public interest in promoting competition among telecommunications carriers by providing the Lingo Entities and their current and future operating subsidiaries, including the Licensees, with access to greater financial resources that will allow them to become even more effective competitors. Petitioners asserted that the Financing Arrangements will be used to fund the purchase price for the Transaction, to support strategic growth initiatives, and to provide for ongoing working capital and other corporate purposes. Further, Petitioners affirmed that the Financing Arrangements will not impair the Licensees' ability to provide services, will promote their corporate purposes, will have no adverse impact on the customers of the Licensees, and will not disrupt service or cause customer confusion or inconvenience.

Under N.J.S.A. 48:3-7 and 48:3-10, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its New Jersey employees. Petitioners have indicated that BullsEye has nine (9) employees and Matrix has five (5) employees in New Jersey. Petitioners asserted that Licensees do not offer an employee pension plan, but that the existing rights of Licensees' employees in any other retirement benefit plan offered by Licensees will not be impacted by the Financing Arrangements. Further, Petitioners averred that they do not anticipate the loss or potential loss of jobs in New Jersey resulting from the Financing Arrangements.

The New Jersey Division of Rate Counsel ("Rate Counsel") has reviewed the Petition and, by letter dated May 10, 2022, stated that it does not object to Board approval of the Petition. Rate Counsel noted that, based on the averments made in the Petition, the proposed refinancing will promote quality service offerings and competition in the New Jersey telecommunications market and benefit New Jersey customers.

DISCUSSION AND FINDINGS:

After careful review of this matter, the Board **FINDS** that the Financing Arrangements are consistent with applicable law, are not contrary to the public interest, and will not have a negative impact on competition, the rates of current customers, or New Jersey employees. Therefore, after investigation, having considered the record and information submitted in this proceeding, the Board **HEREBY AUTHORIZES** Petitioners to take those actions necessary to effectuate the Financing Arrangements.

This Order is issued subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioners.
2. Petitioners shall notify the Board, within five (5) business days, of any material changes in the proposed financing and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.
3. Petitioners shall notify the Board of any material default in the terms of the proposed financing within five business days of such occurrence.

4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transaction or other supporting documents, a default or assignment under such documents shall not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.

This Order shall become effective on June 15, 2022.

DATED: June 8, 2022

BOARD OF PUBLIC UTILITIES
BY:

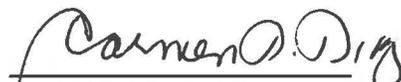

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COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
CARMEN D. DIAZ
ACTING SECRETARY

IN THE MATTER OF THE VERIFIED JOINT PETITION OF LINGO MANAGEMENT, LLC, LINGO COMMUNICATIONS, LLC, B. RILEY PRINCIPAL INVESTMENTS, LLC, MATRIX TELECOM, LLC, LICENSEE, AND BULLSEYE TELECOM, INC., LICENSEE, FOR APPROVAL FOR LICENSEES TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS

DOCKET NO. TF22040250

SERVICE LIST

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